

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|--------------------------------------|---|-----------------|
| THE APPLICATION OF OWEN COUNTY RURAL |) | |
| ELECTRIC COOPERATIVE CORPORATION FOR |) | |
| THE AUTHORIZATION TO CONVERT CERTAIN |) | CASE NO. 89-156 |
| NRUCFC NOTES TO A FIXED RATE |) | |

O R D E R

IT IS ORDERED that Owen County Rural Electric Cooperative Corporation ("Owen County") shall file the original and six copies of the following information with this Commission, with a copy to all parties of record, within 10 days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide a copy of the board of directors' resolution requesting the interest rate conversion from the National Rural Utilities Cooperative Finance Corporation ("CFC").

2. In the Commission's Order in Case No. 10045,¹ Owen County was ordered to "analyze all future refinancing options in a

¹ Case No. 10045, The Application of Owen County Rural Electric Cooperative Corporation to Convert Fixed Loans to Variable Interest Rate, final Order issued November 12, 1987.

manner that clearly reflects the costs and/or savings associated with such options."²

a. Provide a copy of any analysis performed by Owen County with regard to the projected net savings from the conversion of the loans from the variable to fixed rate program.

b. If a present value analysis was performed, provide a detailed explanation of how the variables used in the analysis were determined, such as the discount rate. Include all supporting workpapers.

c. If a present value analysis was not performed, provide a detailed explanation as to why such an analysis was not performed, given the concerns the Commission expressed in its final Order in Case No. 10045.

3. On page 2 of the application, Owen County states that the conversion to a fixed rate was effective March 1, 1989, and that CFC was charging the fixed rate pending Commission approval. If this conversion took effect on March 1, 1989, explain why Owen County did not seek Commission approval until June 5, 1989.

4. For each loan, provide the amount and date of principal payments originally scheduled. Include a schedule reflecting any changes resulting from the conversion to the fixed rate program.

5. For each loan, provide the interest rate in effect under the variable rate program just prior to the March 1, 1989 conversion.

² Id., page 6, ordering paragraph 6.

6. Provide the CFC variable rate in effect from January through July 1989.

7. For each loan, provide the outstanding balances as of March 1, 1989.

Done at Frankfort, Kentucky, this 10th day of July, 1989.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director